DEBRA BOWEN | SECRETARY OF STATE
STATE OF CALIFORNIA | ELECTIONS
1500 11th Street, 5th Floor | Sacramento, CA 95814 | Tel (916) 657-2166 | Fax (916) 653-3214 | www.sos.ca.gov

April 28, 2008

TO: ALL COUNTY CLERKS/REGISTRARS OF VOTERS/PROPONENTS
(08148)

FROM: KATHERINE MONTGOMERY
Associate Elections Analyst

SUBJECT: **INITIATIVE #1343**

Pursuant to Elections Code section 336, we transmit herewith a copy of the Title and Summary prepared by the Attorney General on a proposed initiative measure entitled:

REPEAL OF VOTER-APPROVED HUMAN EMBRYONIC STEM CELL RESEARCH. CONSTITUTIONAL AMENDMENT AND STATUTE.

The proponent of the above-named measure is:

Laura Storms
8130 La Mesa Blvd. #202
La Mesa, CA 91941

#1343

REPEAL OF VOTER-APPROVED HUMAN EMBRYONIC STEM CELL RESEARCH. CONSTITUTIONAL AMENDMENT AND STATUTE.

CIRCULATING AND FILING SCHEDULE

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1. Minimum number of signatures required: 694,354
   California Constitution, Article II, Section 8(b)

2. Official Summary Date: .....Monday, 04/28/08

3. Petitions Sections:

   a. First day Proponent can circulate Sections for signatures (Elec. Code § 336) ..... Monday, 04/28/08

   b. Last day Proponent can circulate and file with the county. All sections are to be filed at the same time within each county. (Elec. Codes §§ 336, 9030(a)). ..... Thursday, 09/25/08

   c. Last day for county to determine total number of signatures affixed to petitions and to transmit total to the Secretary of State (Elec. Code § 9030(b))..... Tuesday, 10/07/08

      (If the Proponent files the petition with the county on a date prior to 09/25/08, the county has eight working days from the filing of the petition to determine the total number of signatures affixed to the petition and to transmit the total to the Secretary of State) (Elec. Code § 9030(b)).

   d. Secretary of State determines whether the total number of signatures filed with all county clerks/registrars of voters meets the minimum number of required signatures and notifies the counties..... Thursday, 10/16/08*

   e. Last day for county to determine total number of qualified voters who signed the petition, and to transmit certificate with a blank copy of the petition to the Secretary of State (Elec. Code § 9030(d)(e)) ..... Tuesday, 12/02/08

*Date varies based on the date of county receipt.

(If the Secretary of State notifies the county to determine the number of qualified voters who signed the petition on a date other than 10/16/08, the last day is no later than the thirtieth working day after the county's receipt of notification). (Elec. Code § 9030(d)(e)).

f. If the signature count is more than 763,790 or less than 659,637 then the Secretary of State certifies the petition as qualified or failed, and notifies the counties. If the signature count is between 659,637 and 763,790 inclusive, then the Secretary of State notifies the counties using the random sampling technique to determine the validity of **all** signatures (Elec. Code §§ 9030(f)(g), 9031(a)) ..... Friday, 12/12/08*

g. Last day for county to determine actual number of all qualified voters who signed the petition, and to transmit certificate with a blank copy of the petition to the Secretary of State. (Elec. Code § 9031(b)(c)). .....Wednesday, 01/28/09

(If the Secretary of State notifies the county to determine the number of qualified voters who have signed the petition on a date other than 12/12/08, the last day is no later than the thirtieth working day after the county's receipt of notification.) (Elec. Code § 9031(b)(c).)

h. Secretary of State certifies whether the petition has been signed by the number of qualified voters required to declare the petition sufficient (Elec. Code §§ 9031(d), 9033) ..... Sunday, 02/01/09*

*Date varies based on the date of county receipt.

IMPORTANT POINTS

- California law prohibits the use of signatures, names and addresses gathered on initiative petitions for any purpose other than to qualify the initiative measure for the ballot. This means that the petitions cannot be used to create or add to mailing lists or similar lists for any purpose, including fundraising or requests for support. Any such misuses constitutes a crime under California law. Elections Code section 18650; *Bilofsky* v. *Deukmejian* (1981) 124 Cal.App.3d 825, 177 Cal.Rptr. 621; 63 Ops.Cal.Atty.Gen. 37 (1980).

- Please refer to Elections Code sections 100, 101, 104, 9001, 9008, 9009, 9021, and 9022 for appropriate format and type consideration in printing, typing and otherwise preparing your initiative petition for circulation and signatures. Please send a copy of the petition after you have it printed. This copy is not for our review or approval, but to supplement our file.

- Your attention is directed to the campaign disclosure requirements of the **Political Reform Act of 1974**, Government Code section 81000 et seq.

- When writing or calling state or county elections officials, provide the official title of the initiative which was prepared by the Attorney General. Use of this title will assist elections officials in referencing the proper file.

- When a petition is presented to the county elections official for filing by someone other than the proponent, the required authorization shall include the name or names of the persons filing the petition.

- When filing the petition with the county elections official, please provide a blank petition for elections official use.

EDMUND G. BROWN JR.
Attorney General

State of California
DEPARTMENT OF JUSTICE

1300 I STREET, SUITE 125
P.O. BOX 944255
SACRAMENTO, CA 94244-2550

Public: (916) 445-9555
Telephone: (916) 445-4752
Facsimile: (916) 324-8835
E-Mail: Krystal.Paris@doj.ca.gov

April 28, 2008

FILED
In the office of the Secretary of State
of the State of California

APR 28 2008

Debra Bowen, Secretary of State
By _____
Deputy Secretary of State

Debra Bowen
Secretary of State
1500 11th Street, 5th Floor
Sacramento, CA 95814

Attention: Ms. Katherine Montgomery
Associate Elections Analyst

Re: Initiative 08-0011 The Cure and Healing of Diseases through Adult Stem Cells and Umbilical Cords.

Official Title: REPEAL OF VOTER-APPROVED HUMAN EMBRYONIC STEM CELL RESEARCH. CONSTITUTIONAL AMENDMENT AND STATUTE.

Dear Ms. Bowen:

Pursuant to Elections Code sections 9004 and 336, you are hereby notified that on this day we mailed our title and summary for initiative 08-0011 "The Cure and Healing of Diseases through Adult Stem Cells and Umbilical Cords." to the respective proponent.

Enclosed is a copy of that title and summary, and a copy of the proposed measure.

Sincerely,

KRYSTAL M. PARIS
Initiative Coordinator

For EDMUND G. BROWN JR.
Attorney General

KMP:
Enclosures

Proponent(s) public information:
Laura Storms
San Jose Group
8130 La Mesa Blvd., #202
La Mesa, CA 91941

Date: April 28, 2008
Initiative No.: 08-0011

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

REPEAL OF VOTER-APPROVED HUMAN EMBRYONIC STEM CELL RESEARCH.

CONSTITUTIONAL AMENDMENT AND STATUTE. Repeals bonds voters authorized in 2004 to fund the California Institute for Regenerative Medicine. Voids contracts entered into by Institute before November 5, 2008. Requires Legislature to spend $900 million to construct and fund an umbilical cord blood and adult stem cell research facility that also performs certain defined embryo adoptions and implantations. Prohibits funding of human embryonic stem cell research. Requires Legislature to appoint 35 member governing board to oversee new facility. Requires taxpayers to pay all legal costs proponent incurs fighting challenges to initiative. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Potential state savings of about $120 million annually over the next few decades resulting from reduced principal and interest costs for bonds to fund stem cell research. Unknown potential loss of state or local revenue gains and cost savings due to reduced stem cell research funding. Unknown gain of state revenues for fees related to embryo adoptions. Unknown potential gain of local government revenue due to possible allocation of patent or license revenues to local governments. (Initiative 08-0011.)

VIA PERSONAL DELIVERY

Office of the Attorney General
ATTN: Initiative Coordinator
1330 "I" Street
Sacramento, CA 95814

0 8 - 0 0 1 1

March 5, 2008

Re: Request for Title and Summary- Initiative Constitutional Amendment

For the November 2008 Election

Dear Initiative Coordinator,

Pursuant to Article II, Section 10(d) of the California Constitution, and Section 9002 of the Election Code, I hereby request that a title and summary be prepared for the attached initiative constitutional amendment for, "The Cure and Healing of Diseases through Adult Stem Cells and Umbilical Cords."

Enclosed please find from the San Jose Group: 1) the language of the proposed initiative; 2) the executed certifications required by Election Code section 9608; 3) a $200 check for the filing fee.

Should you have any questions or require further information, please contact Laura Storms, lstorms@comcast.net or the website www.sanjosegroupinitiatives.com (which shall be running shortly).

Sincerely,

Laura Storms
San Jose Group

PROPOSITION -- THE CURE AND HEALING OF DISEASES THROUGH ADULT STEM CELLS AND UMBILICAL CORDS.

This is a draft initiative measure to be submitted to the people in accordance with the provisions of Article II, Section 8, of the California Constitution.

PROPOSED LAW

THE CURE AND HEALING OF DISEASES THROUGH ADULT STEM CELLS AND UMBILICAL CORDS

SECTION 1. Title

This measure shall be known as the "Cure and Healing of Diseases through Adult Stem Cells and Umbilical Cords."

SECTION 2. Findings and Declarations

The great state of California hereby declares and finds to be true:

a) that the taxpayers of California shall not pay for the biotech companies to benefit from the taxpayer's money by receiving billions of dollars from a previous ballot measure in California.

b) that the taxpayers money should benefit taxpayers, not the rich venture capitalists, who use taxpayer's money for their own personal gain, and cause more taxes to the citizens of California.

c) this act will ban wasteful spending of the California Institute for Regenerative Medicine.

d) this act will allow all proceeds from patents and royalty revenues to be used to create more jobs for California, and pay increases for teachers, firefighters, police officers, county and state workers.

e) Umbilical cord blood is rich in adult stem cells. Adult stem cells are known to cure and treat people who suffer from cancer, diseases and other infirmities. This act shall establish a state funded umbilical cord blood bank and adult stem cell research center so the people of California would benefit from these cures and treatments and fund research for more cures.

f) this act shall establish guidelines of research which are ethical and are highly effective.

g) this act shall ban human cloning.

h) this act shall establish a penalty for any conduct contrary to ethical conduct.

l) the center shall not conduct embryonic stem cell research which has not helped a single person and has only killed.

m) This act establishes a center for unwanted embryos to be placed into adoption.

n) This act establishes a place for a mother who has existing human embryos from *in vitro* fertilization treatments that wish to donate their embryo(s) to a couple who wishes to give the embryo the gift of life in a loving family so they are not killed or used for research.

Section 3. Purpose and Intent.

The purpose of this Act is to establish a state funded umbilical cord blood bank and adult stem cell research center for California. The center shall be located in the San Jose area whereby all research for the state shall be conducted to research cures for diseases, injuries, impairments which will also establish patent royalties and license revenues from cures through stem cell research to benefit the people of California. The proceeds shall be used to help with create more jobs in California and for pay raises for teachers, firefighters, police officers, state and county workers and manage the center.

SEC. 4. Article XXXV of the California Constitution is amended to read:

Section 1. There is hereby established the California Institute for Regenerative Medicine ("Institute").

Section 2. The Institute shall have the following purposes:

~~(a) To make grants and loans for stem cell research, for research facilities and for other vital research opportunities to realize therapies, protocols, and/or medical procedures that will result in, as speedily as possible, the cure for, and/or substantial mitigation of, major diseases, injuries and orphan diseases.~~

(a) to oversee and establish a state funded umbilical cord blood bank and adult stem cell research center to treat and cure numerous diseases and afflictions.

(b) To support all stages of the process of developing cures, from laboratory research through successful clinical trials.

~~(c) To establish the appropriate regulatory standards and oversight bodies for research and facilities development.~~

(c) That the patent royalties and license revenues from cures through stem cells to be used to manage the center, help with pay raises for firefighters, police officers, teachers, state and county workers as well as create more jobs.

(d) The center shall be located in California one hour south of San Francisco in the San Jose area for the state of California. The Center shall be located near the interstate and have a view to the highway whereby all traffic from the highway 101 may see the building.

Section 3. No funds authorized for, or made available to, the Institute shall be used for research involving human reproductive cloning.

Section 4. Funds authorized for, or made available to, the Institute shall be *for the Our Lady of Guadalupe Umbilical Cord Blood Bank and Research Center and* continuously appropriated without regard to fiscal year, be available and used only for the purposes provided herein, and shall not be subject to appropriation or transfer by the Legislature or the Governor for any other purpose.

Section 5. There is hereby established a right to conduct stem cell research which includes research involving adult stem cells, cord blood stem cells, pluripotent stem cells, and/or progenitor cells. Pluripotent stem cells are cells that are capable of self-renewal, and have broad potential to differentiate into multiple adult cell types. Pluripotent stem cells may be derived from ~~somatic cell nuclear transfer or from surplus products of in vitro fertilization treatments when such products are donated under appropriate informed consent procedures~~ *all sources except human embryos, human cloning, human cellular cloning or human somatic cell nuclear transfer.* Progenitor cells are multipotent or precursor cells that are partially differentiated, but retain the ability to divide and give rise to differentiated cells. *The California Institute for Regenerative Medicine shall not participate in or provide funding, grants, loans or contracts for research using human embryonic stem cells or embryonic stem cells obtained from human cloning, human cellular cloning or human somatic cell nuclear transfer.*

Section 6 Notwithstanding any other provision of this Constitution or any law, the Institute, which is established in state government, may utilize state issued tax-exempt and taxable bonds to fund its operations, medical and scientific research, including ~~therapy development through clinical trials, and facilities. uilding the center.~~*building the center.*

~~Section 7 Notwithstanding any other provision of this Constitution, including Article VII, or any law, the Institute and its employees are exempt from Civil Service.~~

SEC. 5. Chapter 3 commencing with Section 125281.01 of Part 5 of Division 106 of the Health and Safety Code is amended to read:

~~California Stem Cell Research and Cures Bond Act~~
Cure and Healing of Diseases through Adult Stem Cells and Umbilical Cords Act
~~ARTICLE 1.~~

~~California Stem Cell Research and Cures Act~~

125281.01 ~~General - Independent Citizen's Oversight Committee ("ICOC")~~
This Chapter implements California Constitution article XXXV which established the California Institute for Regenerative Medicine ("Institute").
125281.02 *Governing Board*
There is hereby created the governing board (the Board") for the California Institute for Regenerative Medicine (CIRM). Center for Hereinafter, the CIRM Board shall oversee the Our Lady of Guadalupe Umbilical Cord Blood Bank and Research California.
The Board shall be composed of 35 members chosen by the state legislature:
6 Bioethics Advisors with a proven track record of upholding the sanctity of life,
5 Adult stem cell research experts,
5 Umbilical cord blood research and banking experts,
2 medical doctors who specialize with in vitro fertilization,
5 Entrepreneurs who have successfully built a business from the ground up with capital gain over ($20,000,000) $20 Million,
2 Attorneys whose specialties are the following: patents, trade marking, copyrights, and intellectual property (20 years experience each required),
2 hospital or medical facility executives (20 years experience each required),
2 financial experts (20 years experience each required),
2 attorneys who specialize in preborn adoptions (20 years experience required),
3 bond attorneys (20 years experience each required),
The president of the Center,
No person who served on the Independent Citizen's Oversight Committee, any of the Working Groups, or was employed by the California Institute of Regenerative Medicine shall be eligible to serve on the Board after November 5, 2008

125281.03. Chairman, Vice-chairman, President
The Chairman's primary responsibilities are to manage the agenda of The Board and work flow including all evaluations of scientific research, supervise all annual reports and public accountability requirements. The Chairman and the Board of CIRM oversees the finances and the mission of the center to make sure it is run in an ethical, efficient and cost efficient manner. The Board shall hire the President of the Center and give a yearly evaluation of the president. The Vice-Chairman's primary responsibilities are to support the Chairman in all duties and to carry out those duties in the Chairman's absence. The president of the Center is directly responsible to the Board and handles the day to day operation of the Center. The board shall choose the chairman and the vice-chairman.
125281.04 Appropriation.
The state shall use its revenue wisely and limit the funding to the California Institute for Regenerative Medicine so the people of this great state are not burdened by it. The 3 Billion dollars ($3,000,000,000) for the California Institute for Regenerative Medicine prior to this act shall be repealed. The Legislature shall instead appropriate $900 million ($900,000,000) to the California Institute for Regenerative Medicine from the General Fund. The Legislature may decide to issue tax-exempt or/and taxable bonds to fund this act. Of these monies, no more than $200 million ($200,000,000) shall be used to acquire the land and build the center (which shall have a minimum of 140,000 square feet), $150 million ($150,000,000) shall fund adult stem cell research; $100 million

($100,000,000)shall fund umbilical cord research; $100 million ($100,000,000) shall fund umbilical cord blood banking; $150 million ($150,000,000) shall fund the "Embryo Registry for Life"(which shall accommodate human embryos finding adoptive parents and guarantee a gifting of umbilical cord blood for the center after their birth). $200 million ($200,000,000) shall fund the cost to operate the center, employee salaries, benefits, insurance fees, advertising, administration cost, medical and scientific and office equipment. For the first two years, the California Institute for Regenerative Medicine shall receive a minimum funding of $200 Million ($200,000,000). Once the center is finished being built the rest of the funding shall be distributed equally over a twenty year period. Funding shall begin no later than June 1, 2009.

125281.05 Functions of Board
The Board for the California Institute for Regenerative Medicine (CIRM) shall perform the following functions:
(a) Oversee the building and the operations of the Center.
(b) Develop annual and long-term strategic research and financial plans for the Center.
(c) Ensure the completion of an annual financial audit of the Center's operations.
(e) Issue public reports on the activities of the Center.
(f) Establish policies regarding patents, intellectual property rights, licensing and copyrights arising from research done by the Center so that the proceeds help with the continuation of the Center's success as well as financially benefiting: the firefighters, police officers, teachers, county and state workers in California with pay raises and creating more jobs.
(g) Establish rules and guidelines for the operation of the Center so ethical violations should not occur.
(h) Perform all other acts necessary or appropriate in the exercise of its power, authority, and jurisdiction over the Center according to the ethical parameters set forth in this act.
(i) Set compensation for the Chairperson, Vice-Chairperson and President and other officers, and for the scientific, medical, technical, and administrative staff of the Center within the range of compensation levels for executive officers and scientific, medical, technical, and administrative staff of medical schools within the non-profit academic and research institutions.
(j) shall establish daily consulting rates and expense reimbursement standards. Plus reasonable and necessary travel and other expenses incurred in the performance of the Center's mission.
(k) shall annually commission an independent financial audit of its activities from a certified public accounting firm which shall be provided to the State Controller, who shall review the audit and annually issue a public report of that review.
(l) with the directors of the Center shall hold at least three public meetings per year.
(m) shall establish financially affordable embryo implanting and adoption processing fees. Embryos shall not be purchased. Embryos shall not be created by this act. Embryos shall be donated only. All human embryos for this act shall be required to be implanted at the Our Lady of Guadalupe Umbilical Cord Blood and Research Center.

(n) The Board members of CIRM shall serve for one term of six years. Board members shall not serve for more than one term (six years), except President of the Center who is an employee of the center.

(o) If a vacancy occurs within a term, the Board shall appoint a replacement member to serve the remainder of the term by majority vote provided the person has the experience and fits the criteria of the position they are filling.

(p) When the term of the Board expires, the Board shall submit suggestions of any individuals who they believe would be ideal for consideration to the state legislature 250 days prior of the board's termination. The Board shall also post the upcoming board positions on their website and advertise their availability to the general public and submit the applicants to the legislature. The legislature shall appoint a panel to interview the applicants. The panel shall be composed of six democrats and six republicans who then shall choose the new Board according to the criteria of this act.

(q) Board members can be terminated based on unethical charges or not fulfilling duties or incompetent or not producing to a sufficient standard.

(r) The Board members shall set compensation for the Chairperson, Vice-Chairperson and President and other officers, and for the scientific, medical, technical, and administrative staff of the Center within the range of compensation levels for executive officers and scientific, medical, technical, and administrative staff of medical schools within the non-profit academic and research institutions

(s) Majority Vote

Actions of the CIRM may be taken only by a majority vote.

(t) Board members shall conduct their meeting in the center.

Prior to the completion of building the Center, the Board shall determine proper arrangements for conducting their meetings elsewhere.

125281.06 Personnel

(a) The Board shall hire a President for the Center, who must have a history of being in charge of an adult stem cell research center, or an umbilical cord blood center or a hospital and must have a proven history of upholding the sanctity of life for the past ten years. President of the Center shall be chosen by the Board. The President's primary responsibilities shall be: to assist the Board in recruiting the highest scientific and medical talent in the United States to serve the Center; to hire, direct, and manage the staff of the Center; to develop the budgets and cost control programs of the Center; to manage compliance with all rules and regulations on this Act; to manage and execute all intellectual property agreements and any other contracts pertaining to the Center or Center's research; to establish patient privacy standards to assure compliance with state and federal patient privacy laws. The President of the Center shall also be on the Board of the CIRM.

(b) Three attorneys shall be employed for In house counsel and for drafting contracts and applications for embryo donating, embryo adoption, umbilical cord blood, adult stem cell research, and functions and needs of the Center. All attorneys must be admitted to the practice of law in California. At least one of the attorneys for the center must be proficient in speaking and writing both Spanish and English.

(c) All personnel must be specialized in their field to hold their position at the Center.

125281.07 Press Conference
Once the Center is completely built the entire Board shall be required to announce the President of the Center, the Vice President of the Center and each director for the center. The Board shall choose those positions for the Center. The Center with the Board members present shall hold a press conference every 90 days to establish the accomplishments of the center.

125281.08 Prior contracts and grants void
Any contract for goods or services, including employment, entered into by the CIRM before November 5, 2008 shall be deemed null and void. Any grants for research awarded prior to November 5, 2008 shall be rescinded, and any unexpended funds from such awards shall be rescinded as well.

125281.09 The "Our Lady of Guadalupe Umbilical Cord Blood Bank and Research Center"

(a) The Board shall direct no more than $200 million to the construction of the "Our Lady of Guadalupe Umbilical Cord Blood Bank and Research Center".

(b) The Center shall be located near the interstate and have a view to the highway whereby all traffic from the highway 101 may see the building. A mural depicting the logo of the Center shall be pained on the front of the building. The mural shall be at least 25 feet high and 15 feet wide. The center's building shall be composed of seven spacious floors. The first floor shall be the reception area for the public, offices and public restrooms as well as a directory for the building displayed. The first floor will also have offices for staff. Second floor shall be for adult stem cell research. Third floor will be the adoption center. Fourth floor shall be used for the umbilical cord blood banking and research department. The Fifth floor shall be used for public forums to be held, press releases with media, teleconferencing, board meetings, seminars and educational classes. Sixth floor shall be used for the offices of administrators and for additional laboratories and other needed areas for research and storing. Seventh floor shall be a medical facility for the implantation of embryos. The facility shall have on cite the banking of embryos that have been "given" to the center for adoption. No Embryo shall be purchased. Doctors and nurses and medical staff for embryo implanting shall reside on the seventh floor. The storing of embryos shall be on this floor unless it is more fitting on a different floor. The seventh floor shall also have an area for continuing monitoring of the pregnant woman from the embryo implantation. On the seventh floor there will be a waiting room as well as snack area. Any needed changes or additions or purposes for the building for the center may be implemented by the Board of CIRM provided it does not violate an ethical parameter. A lunch room/ break room for employees shall need to be in the center. Also the center shall need a security and monitoring station with cameras. The embryo storage area shall need additional protection for the embryos that are donated to the Center; a highly advanced security system with

cameras shall be required to monitor the embryo storage area and safe guard the embryos.

(c) The Center shall be large enough to accommodate:

1) umbilical cord bank for donation and holding,
2) umbilical cord blood research lab,
3) umbilical cord blood and adult stem cell research education classes for the public,
4) adult stem cell research labs,
5)adult stem cell research offices,
6) offices for staff,
7) embryo donation registry area,
8) area for storing human embryos in a life sustaining area with high security,
9) an embryo adoption consulting area,
10) an embryo donation consulting area,
11) embryo adoption classes ,
12) medical facility to implant existing human embryos and monitor the progress of the pregnancy,
13) The embryo adoption center shall have a database to see if an embryo according to the adoptive parents requirements is available at the center such as race and ethnicity so the baby looks like the parents;
14) snack area and public restrooms,
15) areas that are not stated in this section but are recommended by the Board shall be implemented provided they do not cause any ethical violation.

(d) The Board for the California Institute for Regenerative Medicine shall be required to submit architectural plans for the Center to the public at an open meeting no later than 250 days from Board members positions filled. Any company that wishes to place a bid after the unveiling of the architectural plans are submitted to the public may do so within 100 days. The Board shall hold a press conference and submit architectural plans for the center and it shall need to be televised on the news.

(e) Researchers, doctors, scientists, and staff funded by the CIRM shall be required to conduct all their research for this act in the Center. No researcher or scientist or employee of this act shall conduct research outside the center.

(f) A panel of Nobel Prize scientists and world renown researchers shall be invited to the center for meetings to discuss how best to conduct successful research for cures without "inhumane" experiments. The panel shall be composed of leaders from around the world who are the pioneers of ethical research and have conducted successful outcomes of cures for various diseases, injuries and abnormalities. The panel shall convene every six months at the center's meeting area on the fifth floor. The Board of CIRM shall determine proper travel arrangements for the distinguished panel of experts. The Center shall pay travel and hotel fees.

(g) The center shall advertise on television, radio, billboards and have a permanent website. The website address shall have the center's name in it either by abbreviation or at least the first four words of the center's name in it. The billboards shall be the large billboards. The billboards shall be located on highway 101 and highway 5 in areas of high traffic. A minimum of ten billboards

for the center shall be allocated at all times. There shall be five billboards on highway 5 and five billboards on highway 101. The billboard shall display the logo on left side with the mission statement on right hand side. The address of the Center shall be below the mission statement. Name of the Center shall appear above logo and mission statement. The logo shall take up most of the area of the left hand side of the billboard that is left from underneath the center's name.

(h) The Center shall have an official logo which shall be used in all advertisements and promotions. The official logo shall have the following mandatory requirements: The logo shall be of a woman. Her skin shall be of a Mexican complexion. The woman is pregnant. Her unborn baby shall be viewable from her womb. The unborn baby shall be male. His eyes shall be brown. The baby shall be smiling a big smile and waiving one hand as a greeting. The other hand shall be touching his chest where a heart would be located. The baby boy is a healthy baby that looks like he is nine months old with a head of hair on him that is slightly curled by his ears. The umbilical cord from the baby to the mother shall be seen and shall be bright red. The mother shall be standing straight up and not waiving her hands. She will have a smile on her face but mouth is closed. The eyes of the Mother shall be brown as well. The mother shall be wearing a veil that covers the top of her head and does not end until it is passed her knees. The veil is blue the color of the sky. The dress the woman is wearing is floor length a little passed her ankles and is pink. The woman is barefooted with both of her feet standing on the moon. Underneath her left heel shall be a serpent (a snake). The serpent's mouth shall be open and shall have an apple in it. The serpent shall have both eyes open and the eyes shall be back. The serpent shall be green. The apple in the serpent's mouth shall be red with a bite missing from it. The apple's red color shall be a much paler red color than the umbilical cord's red color. The woman will have a background that is gold rays which burst out from her that are so numerous from her head to her feet and from her sides as well. The gold rays shall shoot out around her and will look like the sun. She will have a crown of 12 stars on her head that will make a semi-circle around her head. Underneath the picture shall be the words, "The gift of life." The words, "The gift of life" shall be in the same red color as the umbilical cord.

(i) The mission statement for the Center is: to provide cures and healings through umbilical cord blood and adult stem cell research.

125281.10 Ethical parameters
(1) The ethical parameters governing this chapter are:
(a)Embryonic stem cell research shall be banned;
(b) No embryo shall be bought;
(c) No embryo shall be intentionally killed;
(d) No embryonic stem cells shall be purchased, transferred, used, sold or received.
(e)No embryonic stem cell lines shall be used, purchased, transferred, received, or sold;
(f) Human cloning shall be banned;
(g) All human cloning attempts shall be banned;
(h) All reproductive cloning or human cloning for any reason shall be banned;
(i) No human cloning shall be allowed to be purchased, transferred, sold, or received whether in whole or in part;
(j) No somatic cell nuclear transfers shall be allowed;
(2) Any person or any entity that violates the ethical parameters of this act shall be

penalized with a fine of $100,000 per violation but not to exceed $1,000,000 per violation as well as the loss of all professional credentials, certifications, and licensing.
No revenue from this act shall pay for legal defense for violating this act, as well as, any criminal penalties that might be encumbered upon the violation of this act. All possible copyright, patents, licenses and intellectual properties rights from violating an ethical parameter shall be deemed to be illegal.
(3) The ethical parameters shall promote umbilical cord blood banking, research, adult stem cell research, clinical trials, embryo donation for adoption, embryo implantation for adoption, and umbilical cord blood donation from adoption.

125281.11 Conflict of interest.
No person who served or serves on the Board of the California Institute for Regenerative Medicine, or on the Independent Citizen's Oversight Committee, or on any of their Working Groups, or employed by the California Institute of Regenerative Medicine shall be eligible to financially benefit from building the center. It shall be deemed a conflict of interest.

125281.12 Definitions
As used in this chapter:
(a)"Embryo" means a genetically complete living organism of the species homo sapiens, from single cell stage to eight weeks development
(b) "Human Cloning" means human asexual reproduction, accomplished by introducing the genetic material from one or more human somatic cells into a fertilized or unfertilized oocyte whose nuclear material has been or will be removed or inactivated, so as to produce an organism, at any stage of development with a human or predominantly human genetic constitution.
(c)"Pluripotent Cells" means cells that are capable of self-renewal, and have broad potential to differentiate into multiple adult cell types.
(d)"Progenitor Cells" means multipotent or precursor cells that are partially differentiated but retain the ability to divide and give rise to differentiated cells.
(e) "center" means the Our Lady of Guadalupe Umbilical Cord Blood Bank and Research Center.
(f) "Bioethics advisors" means persons who shall have a doctorate, law degree or masters in a related field of bioethics. Bioethics advisors must have published material of their work as an authority of bioethics to be considered. Bioethics advisors must stipulate proof of upholding the sanctity of life for the past ten years to be considered for this position.
(g)"Sanctity of life" means upholding laws and regulations that protect of all human life from conception to natural death especially for the most vulnerable.
(h)"Stem Cells" mean non-specialized cells that have the capacity to divide in culture and to differentiate into more mature cells with specialized functions.
(i)"Conception" means the union of a sperm with an egg.
(j) "Gamete" means a human sperm or unfertilized human ovum;

~~125281.02~~
~~Creation of the ICOC~~
~~There is hereby created the Independent Citizen's Oversight Committee,~~

~~hereinafter, the ICOC, which shall govern the Institute and is hereby vested with full power, authority and jurisdiction over the Institute.~~

~~125281.03 ICOC Membership; Appointments; Terms of Office~~

~~(a) ICOC Membership~~

~~The ICOC shall have 29 members, appointed as follows:~~

~~(1) The Chancellors of the University of California at San Francisco, Davis, San Diego, Los Angeles and Irvine, shall each appoint an executive officer from his or her campus.~~

~~(2) The Governor, the Lieutenant Governor, the Treasurer and the Controller shall each appoint an executive officer from the following three categories:~~

~~(A) a California university, excluding the five campuses of the University of California described in paragraph (1), that has demonstrated success and leadership in stem cell research, and that has:~~

~~(i) a nationally ranked research hospital and medical school; this criteria will apply to only two of the four appointments.~~

~~(ii) a recent proven history of administering scientific and/or medical research grants and contracts in an average annual range exceeding $100 million.~~

~~(iii) a ranking within the past five years in the top 10 United States universities with the highest number of life science patents or that has research or clinical faculty who are members of the National Academy of Sciences.~~

~~(B) a California non-profit academic and research institution that is not a part of the University of California, that has demonstrated success and leadership in stem cell research, and that has:~~

~~(i) a nationally ranked research hospital or that has research or clinical faculty who are members of the National Academy of Sciences.~~

~~(ii) a proven history in the last five years of managing a research budget in the lifesciences exceeding $20 million.~~

~~(C) a California life science commercial entity that is not actively engaged in researching or developing therapies with pluripotent or progenitor stem cells, that has a background in implementing successful experimental medical therapies, and that has not been awarded, or applied for, funding by the Institute at the time of appointment. A board member of such entity with a successful history of developing innovative medical therapies may be appointed in lieu of an executive officer.~~

~~(D) only one member shall be appointed from a single university, institution, or entity. The executive officer of a California university, a non-profit research institution or life science commercial entity who is appointed as a member, may from time to time delegate those duties to an executive officer of the entity or to the dean of the medical school, if applicable.~~

~~(3) The Governor, the Lieutenant Governor, the Treasurer, and the Controller shall appoint members from among California representatives of California regional, state, or national disease advocacy groups, as follows:~~

~~(A) The Governor shall appoint two members, one from each of the following disease advocacy groups: spinal cord injury, and Alzheimer's disease.~~

~~(B) The Lieutenant Governor shall appoint two members, one from each of the following disease advocacy groups: type II diabetes; and multiple sclerosis or amyotrophic lateral sclerosis.~~

(C) The Treasurer shall appoint two members, one from each of the following disease groups: type I diabetes and heart disease.
(D) The Controller shall appoint two members, one from each of the following disease groups: cancer and Parkinson's disease.
(4) The Speaker of the Assembly shall appoint a member from among California representatives of a California regional, state, or national Mental Health disease advocacy group.
(5) The President Pro Tem of the Senate shall appoint a member from among California representatives of a California regional, state, or national HIV/AIDS disease advocacy group.
(6) A Chairperson and Vice Chairperson who shall be elected by the ICOC members. Within 40 days of the effective date of this Act, each Constitutional Officer shall nominate a candidate for Chairperson and another candidate for Vice Chairperson. The Chairperson and Vice Chairperson shall each be elected for a term of six years. The Chairperson and Vice Chairperson of ICOC shall be full or part-time employees of the Institute and shall meet the following criteria:
(A) Mandatory Chairperson Criteria
(i) Documented history in successful stem cell research advocacy.
(ii) Experience with state and federal legislative processes that must include some experience with medical legislative approvals of standards and/or funding.
(iii) Qualified for appointment pursuant to Section 125281.03 (a) (3), (4) or (5).
(iv) Cannot be concurrently employed by or on leave from any prospective grant or loan recipient institutions in California.
(B) Additional Criteria for Consideration:
(i) Experience with governmental agencies or institutions (either executive or board position).
(ii) Experience with the process of establishing government standards and procedures.
(iii) Legal experience with the legal review of proper governmental authority for the exercise of government agency or government institutional powers.
(iv) Direct knowledge and experience in bond financing.
The Vice Chairperson shall satisfy section 125281.03 (a) (6) (A) (i), (iii) and (iv). The Vice Chairperson shall be selected from among individuals who have attributes and experience complementary to those of the Chairperson, preferably covering the criteria not represented by the Chairperson's credentials and experience.
(b) Appointment of ICOC Members
(1) All appointments shall be made within 40 days of the effective date of this Act. In the event that any of the appointments are not completed within the permitted timeframe, the ICOC shall proceed to operate with the appointments that are in place, provided that at least 60 percent of the appointments have been made.
(2) 45 days after the effective date of this Act, the State Controller and the State Treasurer, or if only one is available within 45 days, the other shall convene a meeting of the appointed members of the ICOC to elect a Chairperson and Vice Chairperson from among the individuals nominated by the Constitutional Officers pursuant to section 125281.03 (a) (6).
(c) ICOC Member Terms Of Office

(1) The members appointed pursuant to section 125281.03 (a) (1), (a) (3), (a) (4), and (a) (5) shall serve eight-year terms, and all other members shall serve six-year terms. Members shall serve a maximum of two terms.

(2) If a vacancy occurs within a term, the appointing authority shall appoint a replacement member within 30 days to serve the remainder of the term.

(3) When a term expires, the appointing authority shall appoint a member within 30 days. ICOC members shall continue to serve until their replacements are appointed.

125281.04 Majority Vote of Quorum

Actions of the ICOC may be taken only by a majority vote of a quorum of the ICOC.

125281.05 Public and Financial Accountability Standards

(a) Annual Public Report

The Institute shall issue an annual report to the public which sets forth its activities, grants awarded, grants in progress, research accomplishments, and future program directions. Each annual report shall include, but not be limited to, the following: the number and dollar amounts of research and facilities grants; the grantees for the prior year; the Institute's administrative expenses; an assessment of the availability of funding for stem cell research from sources other than the Institute; a summary of research findings, including promising new research areas; an assessment of the relationship between the Institute's grants and the overall strategy of its research program; and a report of the Institute's strategic research and financial plans.

(b) Independent Financial Audit for Review by State Controller

The Institute shall annually commission an independent financial audit of its activities from a certified public accounting firm which shall be provided to the State Controller, who shall review the audit and annually issue a public report of that review.

(c) Citizen's Financial Accountability Oversight Committee

There shall be a Citizen's Financial Accountability Oversight Committee chaired by the State Controller. This committee shall review the annual financial audit, the State Controller's report and evaluation of that audit, and the financial practices of the Institute. The State Controller, the State Treasurer, the President Pro Tem of the Senate, the Speaker of the Assembly, and the Chairperson of the ICOC shall each appoint a public member of the committee. Committee members shall have medical backgrounds and knowledge of relevant financial matters. The committee shall provide recommendations on the Institute's financial practices and performance. The State Controller shall provide staff support. The committee shall hold a public meeting, with appropriate notice, and with a formal public comment period. The committee shall evaluate public comments and include appropriate summaries in its annual report. The ICOC shall provide funds for the per diem expenses of the committee members and for publication of the annual report.

(d) Public Meeting Laws

(1) The ICOC shall hold at least two public meetings per year, one of which will be designated as the Institute's annual meeting. The ICOC may hold additional meetings as it determines are necessary or appropriate.

(2) The Bagley-Keene Opening Meeting Act, Article 9 (commencing with section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code, shall apply to all meetings of the ICOC, except as otherwise provided in this section. The

~~ICOC shall award all grants, loans and contracts in public meetings and shall adopt all governance, scientific, medical and regulatory standards in public meetings.~~

~~(3) The ICOC may conduct closed sessions as permitted by the Bagley-Keene Open Meeting Act, Government Code section 11126. In addition, the ICOC may conduct closed sessions when it meets to consider or discuss:~~

~~(A) Matters involving information relating to patients or medical subjects, the disclosure of which would constitute an unwarranted invasion of personal privacy.~~

~~(B) Matters involving confidential intellectual property or work product, whether patentable or not, including, but not limited to, any formula, plan, pattern, process, tool, mechanism, compound, procedure, production data, or compilation of information, which is not patented, which is known only to certain individuals who are using it to fabricate, produce, or compound an article of trade or a service having commercial value and which gives its user an opportunity to obtain a business advantage over competitors who do not know it or use it.~~

~~(C) Matters involving pre-publication, confidential scientific research or data.~~

~~(D) Matters concerning the appointment, employment, performance, compensation, or dismissal of Institute officers and employees. Action on compensation of the Institute's officers and employees shall only be taken in open session.~~

~~(4) The meeting required by section 125281.03 (b) (2) shall be deemed to be a special meeting for the purposes of Government Code section 11125.4.~~

~~(e) Public Records~~

~~(1) The California Public Records Act, Article 1 (commencing with section 6250) of Chapter 3.5 of Division 7 of Title 1 of the Government Code, shall apply to all records of the Institute, except as otherwise provided in this section.~~

~~(2) Nothing in this section shall be construed to require disclosure of any records that are any of the following:~~

~~(A) Personnel, medical or similar files, the disclosure of which would constitute an unwarranted invasion of personal privacy.~~

~~(B) Records containing or reflecting confidential intellectual property or work product, whether patentable or not, including, but not limited to, any formula, plan, pattern, process, tool, mechanism, compound, procedure, production data, or compilation of information, which is not patented, which is known only to certain individuals who are using it to fabricate, produce, or compound an article of trade or a service having commercial value and which gives its user an opportunity to obtain a business advantage over competitors who do not know it or use it.~~

~~(C) Pre-publication scientific working papers or research data.~~

~~(f) Competitive Bidding~~

~~(1) The Institute shall, except as otherwise provided in this section, be governed by the competitive bidding requirements applicable to the University of California, as set forth in Article 1 (commencing with section 10500), Chapter 2.1, Part 2, Division 2 of the Public Contract Code.~~

~~(2) For all Institute contracts, the ICOC shall follow the procedures required of the Regents by Article 1 (commencing with section 10500), Chapter 2.1, Part 2, Division 2 of the Public Contract Code with respect to contracts let by the University of California.~~

~~(3) The requirements of this section shall not be applicable to grants or loans approved by the ICOC.~~

(4) Except as provided in this section, the Public Contract Code shall not apply to contracts let by the Institute.

(g) Conflicts of Interest

(1) The Political Reform Act, Title 9 (commencing with section 81000) of the Government Code, shall apply to the Institute and to the ICOC, except as provided in this section and in section 125281.09(e).

(A) No member of the ICOC shall make, participate in making, or in any way attempt to use his or her official position to influence a decision to approve or award a grant, loan or contract to his or her employer, but a member may participate in a decision to approve or award a grant, loan or contract to a non-profit entity in the same field as his or her employer.

(B) A member of the ICOC may participate in a decision to approve or award a grant, loan or contract to an entity for the purpose of research involving a disease from which a member or his or her immediate family suffers or in which the member has an interest as a representative of a disease advocacy organization.

(C) The adoption of standards is not a decision subject to this section.

(2) Service as a member of the ICOC by a member of the faculty or administration of any system of the University of California shall not, by itself, be deemed to be inconsistent, incompatible, in conflict with, or inimical to the duties of the ICOC member as a member of the faculty or administration of any system of the University of California and shall not result in the automatic vacation of either such office. Service as a member of the ICOC by a representative or employee of a disease advocacy organization, a non-profit academic and research institution, or a life science commercial entity shall not be deemed to be inconsistent, incompatible, in conflict with, or inimical to the duties of the ICOC member as a representative or employee of that organization, institution or entity.

(3) Government Code section 1090 shall not apply to any grant, loan or contract made by the ICOC except where both of the following conditions are met:

(A) The grant, loan or contract directly relates to services to be provided by any member of the ICOC or the entity the member represents or financially benefits the member or the entity he or she represents.

(B) The member fails to recuse himself or herself from making, participating in making, or in any way attempting to use his or her official position to influence a decision on the grant loan or contract.

(h) Patent Royalties and License Revenues Paid To The State of California

The ICOC shall establish standards that require that all grants and loan awards be subject to intellectual property agreements that balance the opportunity of the state of California to benefit from the patents, royalties, and licenses that result from basic research, therapy development and clinical trials with the need to assure that essential medical research is not unreasonably hindered by the intellectual property agreements.

(i) Preference for California Suppliers

The ICOC shall establish standards to ensure that grantees purchase goods and services from California suppliers to the extent reasonably possible, in a good faith effort to achieve a goal of more than 50 per cent of such purchases from California suppliers.

125281.06 Medical and Scientific Accountability Standards

(a) Medical Standards

In order to avoid duplication or conflicts in technical standards for scientific and medical research, with alternative state programs, the Institute will develop its own scientific and medical standards to carry out the specific controls and intent of the Act, notwithstanding Health and Safety Code sections 125300 (b), 125320, 125118, 125118.5, 125119, 125119.3 and 125119.5, or any other current or future state laws or regulations dealing with the study and research of pluripotent stem cells and/or progenitor cells, or other Vital Research Opportunities, except Health and Safety Code section 125315. The ICOC, its working committees and its grantees shall be governed solely by the provisions of this Act in the establishment of standards, the award of grants and the conduct of grants awarded pursuant to this Act.

The ICOC shall establish standards as follows:

(1) Informed Consent

Standards for obtaining the informed consent of research donors, patients, or participants, which initially shall be generally based on the standards in place on January 1, 2003, for all research funded by the National Institutes of Health, with modifications to adapt to the mission and objectives of the Institute.

(2) Controls on Research Involving Humans

Standards for the review of research involving human subjects which initially shall be generally based on the Institutional Review Board standards promulgated by the National Institutes of Health and in effect on January 1, 2003, with modifications to adapt to the mission and objectives of the Institute.

(3) Prohibition on Compensation

Standards prohibiting compensation to research donors or participants, while permitting reimbursement of expenses.

(4) Patient Privacy Laws

Standards to assure compliance with state and federal patient privacy laws.

(5) Limitations on Payments for Cells

Standards limiting payments for the purchase of stem cells or stem cell lines to reasonable payment for the removal, processing, disposal, preservation, quality control, storage, transplantation, or implantation or legal transaction or other administrative costs associated with these medical procedures and specifically including any required payments for medical or scientific technologies, products, or processes for royalties, patent or licensing fees or other costs for intellectual property.

(6) Time Limits for Obtaining Cells

Standards setting a limit on the time during which cells may be extracted from blastocysts, which shall initially be 8 to 12 days after cell division begins, not counting any time during which the blastocysts and/or cells have been stored frozen.

125281.07 ICOC Functions

The ICOC shall perform the following functions:

(a) Oversee the operations of the Institute.

(b) Develop annual and long-term strategic research and financial plans for the Institute.

(c) Make final decisions on research standards and grant awards in California.

(d) Ensure the completion of an annual financial audit of the Institute's operations.

(e) Issue public reports on the activities of the Institute.

(f) Establish policies regarding intellectual property rights arising from research funded by the Institute.

(g) Establish rules and guidelines for the operation of the ICOC and its working groups.
(h) Perform all other acts necessary or appropriate in the exercise of its power, authority, and jurisdiction over the Institute.
(i) Select members of the working groups.
(j) Adopt, amend and rescind rules and regulations to carry out the purposes and provisions of this chapter, and to govern the procedures of the ICOC. Except as provided in subdivision (k), these rules and regulations shall be adopted in accordance with the Administrative Procedure Act (Government Code, Title 2, Division 3, Part 1, Chapter 4.5, Sections 11371 et seq.)
(k) Notwithstanding the Administrative Procedure Act ("APA"), and in order to facilitate the immediate commencement of research covered by this chapter, the ICOC may adopt interim regulations without compliance with the procedures set forth in the APA. The interim regulations shall remain in effect for 270 days unless earlier superseded by regulations adopted pursuant to the APA.
(l) Request the issuance of bonds from the California Stem Cell Research and Cures Finance Committee and loans from the Pooled Money Investment Board.
(m) May annually modify its funding and finance programs to optimize the Institute's ability to achieve the objective that its activities be revenue positive for the State of California during its first five years of operation without jeopardizing the progress of its core medical and scientific research program.
(n) Notwithstanding Government Code section 11005, accept additional revenue and real and personal property, including but not limited to gifts, royalties, interest and appropriations that may be used to supplement annual research grant funding and the operations of the Institute.
125281.08 ICOC Operations
(a) Legal Actions and Liability
(1) The Institute may sue and be sued.
(2) Based upon ICOC standards, Institute grantees shall indemnify or insure and hold the Institute harmless against any and all losses, claims, damages, expenses or liabilities, including attorneys' fees, arising from research conducted by the grantee pursuant to the grant, and/or, in the alternative, grantees shall name the Institute as an additional insured and submit proof of such insurance.
(3) Given the scientific, medical and technical nature of the issues facing the ICOC, and notwithstanding Government Code section 11042, the Institute is authorized to retain outside counsel when the ICOC determines that the Institute requires specialized services not provided by the Attorney General's Office.
(4) The Institute may enter into any contracts or obligations which are authorized or permitted by law.
(b) Personnel
(1) The ICOC shall from time to time determine the total number of authorized employees for the Institute, up to a maximum of fifty employees, excluding members of the working groups, who shall not be considered Institute employees. The ICOC shall select a Chairperson, Vice Chairperson and President who shall exercise all of the powers delegated to them by the ICOC. The following functions apply to the Chairperson, Vice Chairperson and President:

~~The Chairperson's primary responsibilities are to manage the ICOC agenda and work flow including all evaluations and approvals of scientific and medical working group grants, loans, facilities, and standards evaluations, and to supervise all annual reports and public accountability requirements; to manage and optimize the Institute's bond financing plans and funding cash flow plan; to interface with the California legislature, the United States Congress, the California healthcare system, and the California public; to optimize all financial leverage opportunities for the Institute; and to lead negotiations for intellectual property agreements, policies, and contract terms. The Chairperson shall also serve as a member of the Scientific and Medical Accountability Standards Working Group and the Scientific and Medical Research Facilities Working Group and as an ex-officio member of the Scientific and Medical Research Funding Working Group. The Vice Chairperson's primary responsibilities are to support the Chairperson in all duties and to carry out those duties in the Chairperson's absence.~~

~~The President's primary responsibilities are to serve as the Chief Executive of the Institute; to recruit the highest scientific and medical talent in the United States to serve the Institute on its working groups; to serve the Institute on its working groups; to direct ICOC staff and participate in the process of supporting all working group requirements to develop recommendations on grants, loans, facilities, and standards as well as to direct and support the ICOC process of evaluating and acting on those recommendations, the implementation of all decisions on these and general matters of the ICOC; to hire, direct, and manage the staff of the Institute; to develop the budgets and cost control programs of the Institute; to manage compliance with all rules and regulations on the ICOC, including the performance of all grant recipients; and to manage and execute all intellectual property agreements and any other contracts pertaining to the Institute or research it funds.~~

~~(2) Each member of the ICOC except the Chairperson, Vice Chairperson and President, shall receive a per diem of one hundred dollars ($100) per day (adjusted annually for cost of living) for each day actually spent in the discharge of the member's duties, plus reasonable and necessary travel and other expenses incurred in the performance of the member's duties.~~

~~(3) The ICOC shall establish daily consulting rates and expense reimbursement standards for the non-ICOC members of all of its working groups.~~

~~(4) Notwithstanding Government Code section 19825, the ICOC shall set compensation for the Chairperson, Vice Chairperson and President and other officers, and for the scientific, medical, technical, and administrative staff of the Institute within the range of compensation levels for executive officers and scientific, medical, technical, and administrative staff of medical schools within the University of California system and the non-profit academic and research institutions described in section 125281.03 (a) (2).~~

~~125281.09. Scientific and Medical Working Groups General~~

~~(a) The Institute shall have, and there is hereby established three separate scientific and medical working groups as follows:~~

~~Scientific and Medical Research Funding Working Group;~~

~~Scientific and Medical Accountability Standards Working Group; and~~

~~Scientific and Medical Research Facilities Working Group~~

~~(b) Working Group Members~~

~~Appointments of scientific and medical working group members shall be made by a majority vote of a quorum of the ICOC, within 30 days of the election and appointment of the initial ICOC members. The working group members' terms shall be six years except that, after the first six year terms, the members' terms will be staggered so that one-third of the members shall be elected for a term that expires two years later, one third of the members shall be elected for a term that expires four years later, and one third of the members shall be elected for a term that expires six years later. Subsequent terms are for six years. Working group members may serve a maximum of two consecutive terms.~~

~~(c) Working Group Meetings~~

~~Each scientific and medical working group shall hold at least four meetings per year, one of which shall be designated as its annual meeting.~~

~~(d) Working Group Recommendations to the ICOC~~

~~Recommendations of each of the working groups may be forwarded to the ICOC only by a vote of a majority of a quorum of the members of each working group. If 35 percent of the members of any working group join together in a minority position, a minority report may be submitted to the ICOC. The ICOC shall consider the recommendations of the working groups in making its decisions on applications for research and facility grants and loan awards and in adopting regulatory standards. Each working group shall recommend to ICOC rules, procedures and practices for that working group.~~

~~(e) Conflict of Interest~~

~~(1) The ICOC shall adopt conflict of interest rules, based on standards applicable to members of scientific review committees of the National Institutes of Health, to govern the participation of non-ICOC working group members.~~

~~(2) The ICOC shall appoint an ethics officer from among the staff of the Institute.~~

~~(3) Because the working groups are purely advisory and have no final decision making authority, members of the working groups shall not be considered public officials, employees or consultants for purposes of the Political Reform Act (commencing with Government Code section 81000), Government Code sections 1090 and 19990, and Public Contract Code sections 10516 and 10517.~~

~~(f) Working Group Records~~

~~All records of the working groups submitted as part of the working groups' recommendations to the ICOC for approval shall be subject to the Public Records Act. Except as provided in this subdivision, the working groups shall not be subject to the provisions of Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code, or Article 1 (commencing with Section 6250) of Chapter 3.5 of Division 7 of Title 1 of the Government Code.~~

~~125281.10 Scientific and Medical Accountability Standards Working Group~~

~~(a) Membership~~

~~The Scientific and Medical Accountability Standards Working Group shall have 19 members as follows:~~

~~(1) Five ICOC members from the ten groups that focus on disease specific areas described in section 125281.03 (a) (3), (a) (4) and (a) (5).~~

~~(2) Nine scientists and clinicians nationally recognized in the field of pluripotent and progenitor cell research.~~

~~(3) Four medical ethicists.~~

~~(4) The chairperson of the ICOC.~~

(b) Functions

The Scientific and Medical Accountability Standards Working Group shall have the following functions:

(1) To recommend to the ICOC scientific, medical and ethical standards.

(2) To recommend to the ICOC standards for all medical, socio-economic, and financial aspects of clinical trials and therapy delivery to patients, including, among others, standards for safe and ethical procedures for obtaining materials and cells for research and clinical efforts for the appropriate treatment of human subjects in medical research consistent with section 125281.06 (a) (2) herein, and to ensure compliance with patient privacy laws.

(3) To recommend to the ICOC modification of the standards described in sub-paragraphs (1) and (2) as needed.

(4) To make recommendations to the ICOC on the oversight of funded research to ensure compliance with the standards described in subparagraphs (1) and (2).

(5) To advise the ICOC, the Scientific and Medical Research Funding Working Group, and the Scientific and Medical Research Facilities Working Group on an on-going basis on relevant ethical and regulatory issues.

125281.11. Scientific and Medical Research Funding Working Group

(a) Membership

The Scientific and Medical Research Funding Working Group shall have 23 members as follows:

(1) Seven ICOC members from the 10 disease advocacy group members described in sections 125281.03 (a) (3), (a) (4), and (a) (5).

(2) 15 scientists nationally recognized in the field of stem cell research.

(3) The Chairperson of the ICOC.

(b) Functions

The Scientific and Medical Research Funding Working Group shall perform the following functions:

(1) Recommend to the ICOC interim and final criteria, standards and requirements for considering funding applications and for awarding research grants and loans.

(2) Recommend to the ICOC standards for the scientific and medical oversight of awards.

(3) Recommend to the ICOC any modifications of the criteria, standards and requirements described in subparagraphs (1) and (2) above as needed.

(4) Review grant and loan applications based on the criteria, requirements and standards adopted by the ICOC and make recommendations to the ICOC for the award of research, therapy development, and clinical trial grants and loans.

(5) Conduct peer group progress oversight reviews of grantees to ensure compliance with the terms of the award, and report to the ICOC any recommendations for subsequent action.

(6) Recommend to the ICOC standards for the evaluation of grantees to ensure that they comply with all applicable requirements. Such standards shall mandate periodic reporting by grantees and shall authorize the Scientific and Medical Research Funding Working Group to audit a grantee and forward any recommendations for action to the ICOC.

(7) Recommend its first grant awards within 60 days of the issuance of the interim standards.

(c) Recommendations for Awards

Award recommendations shall be based upon a competitive evaluation as follows.

(1) Only the 15 scientist members of the Scientific and Medical Research Funding Working Group shall score grant and loan award applications for scientific merit. Such scoring shall be based on scientific merit in three separate classifications research, therapy development and clinical trials, on criteria including the following:

(A) A demonstrated record of achievement in the areas of pluripotent stem cell and progenitor cell biology and medicine, unless the research is determined to be a Vital Research Opportunity.

(B) The quality of the research proposal, the potential for achieving significant research or clinical results, the timetable for realizing such significant results, the importance of the research objectives, and the innovativeness of the proposed research.

(C) In order to ensure that Institute funding does not duplicate or supplant existing funding, a high priority shall be placed on funding pluripotent stem cell and progenitor cell research that cannot, or is unlikely to, receive timely or sufficient federal funding, unencumbered by limitations that would impede the research. In this regard, other research categories funded by the National Institute of Health shall not be funded by the Institute.

(D) Notwithstanding subparagraph (C), other scientific and medical research and technologies and/or any stem cell research proposal not actually funded by the Institute under subparagraph (C) may be funded by the Institute if at least two thirds of a quorum of the members of the Scientific and Medical Research Funding Working Group recommend to the ICOC that such a research proposal is a Vital Research Opportunity.

125281.12 Scientific and Medical Facilities Working Group

(a) Membership

The Scientific and Medical Research Facilities Working Group shall have 11 members as follows:

(1) Six members of the Scientific and Medical Research Funding Working Group.

(2) Four real estate specialists. To be eligible to serve on the Scientific and Medical Research Facilities Working Group, a real estate specialist shall be a resident of California, shall be prohibited from receiving compensation from any construction or development entity providing specialized services for medical research facilities, and shall not provide real estate facilities brokerage services for any applicant for, or any funding by the Scientific and Medical Research Facilities Working Group and shall not receive compensation from any recipient of Institute funding grants.

(3) The Chairperson of the ICOC.

(b) Functions

The Scientific and Medical Research Facilities Working Group shall perform the following functions:

(1) Make recommendations to the ICOC on interim and final criteria, requirements and standards for applications for, and the awarding of, grants and loans for buildings, building leases, and capital equipment; those standards and requirements shall include, among others,

(A) facility milestones and timetables for achieving such milestones;

~~(B) priority for applications that provide for facilities that will be available for research no more than two years after the grant award;~~

~~(C) the requirement that all funded facilities and equipment be located solely within California;~~

~~(D) the requirement that grantees comply with reimbursable building cost standards, competitive building leasing standards, capital equipment cost standards, and reimbursement standards and terms recommended by the Scientific and Medical Facilities Funding Working Group, and adopted by the ICOC;~~

~~(E) the requirement that grantees shall pay all workers employed on construction or modification of the facility funded by facilities grants or loans of the Institute, the general prevailing rate of per diem wages for work of a similar character in the locality in which work on the facility is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed as provided in Division 2, Part 7, Chapter 1 of the Labor Code;~~

~~(F) the requirement that grantees be not-for-profit entities;~~

~~(G) the requirement that awards be made on a competitive basis, with the following minimum requirements:~~

~~(i) that the grantee secure matching funds from sources other than the Institute equal to at least 20 percent of the award. Applications of equivalent merit, as determined by the Scientific and Medical Research Funding Working Group, considering research opportunities to be conducted in the proposed research facility, shall receive priority to the extent that they provide higher matching fund amounts. The Scientific and Medical Research Facilities Working Group may recommend waiving the matching fund requirement in extraordinary cases of high merit or urgency;~~

~~(ii) that capital equipment costs and capital equipment loans be allocated when equipment costs can be recovered in part by the grantee from other users of the equipment.~~

~~(2) Make recommendations to the ICOC on oversight procedures to ensure grantees' compliance with the terms of an award.~~

~~125281.13 Appropriation and Allocation of Funding.~~

~~(a) Monies in the California Stem Cell Research and Cures Fund shall be allocated as follows:~~

~~(1) No less than 97 percent of the proceeds of the bonds authorized pursuant to section 125282.05, after allocation of bond proceeds to purposes described in subsections (a) (iv) and (a) (v) of section 125282.03, shall be used for grants and grant oversight as provided in this chapter.~~

~~(A) Not less than 90 percent of the amount used for grants shall be used for research grants, with no more than the following amounts as stipulated below to be committed during the first ten years of grant making by the Institute with each year's commitments to be advanced over a period of one to seven years, except that any such funds that are not committed may be carried over to one or more following years. The maximum amount of research funding to be allocated annually as follows: Year 1, 5.6%; Year 2, 9.4%; Year 3, 9.4%; Year 4, 11.3%; Year 5, 11.3%; Year 6, 11.3%; Year 7, 11.3%; Year 8, 11.3%; Year 9, 11.3%; and Year 10, 7.5%.~~

~~(B) Not more than three percent of the proceeds of bonds authorized by section 125282.05 may be used by the Institute for research and research facilities~~

implementation costs, including the development, administration and oversight of the grant making process and the operations of the working groups.

(2) Not more than three percent of the proceeds of the bonds authorized pursuant to section 125282.05 shall be used for the costs of general administration of the Institute.

(3) In any single year any new research funding to any single grantee for any program year is limited to no more than two percent of the total bond authorization under this Chapter. This limitation shall be considered separately for each new proposal without aggregating any prior year approvals that may fund research activities. This requirement shall be determinative, unless 65 percent of a quorum of the ICOC approves a higher limit for that grantee.

(4) Recognizing the priority of immediately building facilities that ensure the independence of the scientific and medical research of the Institute, up to 10 percent of the proceeds of the bonds authorized pursuant to section 125282.05, net of costs described in clauses (a) (ii), (a) (iv) and (a) (v) of section 125282.03 shall be allocated for grants to build scientific and medical research facilities of non-profit entities which are intended to be constructed in the first five years.

(5) The Institute shall limit indirect costs to 25 percent of a research award, excluding amounts included in a facilities award, except that the indirect cost limitation may be increased by that amount by which the grantee provides matching funds in excess of 20 percent of the grant amount.

(b) To enable the Institute to commence operating during the first six months following the adoption of this measure, there is hereby appropriated from the General Fund as a temporary start up loan to the Institute three million dollars ($3,000,000) for initial administrative and implementation costs. All loans to the Institute pursuant to this appropriation shall be repaid to the General Fund within twelve months of each loan draw from the proceeds of bonds sold pursuant to section 125282.05.

(c) The Institute's funding schedule is designed to create a positive tax revenue stream for the state of California during the Institute's first five calendar years of operations, without drawing funds from the state general fund for principal and interest payments for those first five calendar years.

ARTICLE 2.

CALIFORNIA STEM CELL RESEARCH AND CURES BOND ACT OF 2004

125282.01. This article shall be known, and may be cited, as the California Stem Cell Research and Cures Bond Act of 2004.

125282.02. As used in this article, the following terms have the following meaning:

(a) "Act" means the California Stem Cell Research and Cures Act" constituting Chapter 3 (commencing with Section 125281.01) of Part 5 of Division 106 of the Health and Safety Code.

(b) "Board" or "Institute" means the California Institute for Regenerative Medicine designated in accordance with subdivision (b) of Section 125282.07.

(c) "Committee" means the California Stem Cell Research and Cures Finance Committee created pursuant to subdivision (a) of Section 125282.07.

(d) "Fund" means the California Stem Cell Research and Cures Fund created pursuant to Section 125282.04.

(e) "Interim Debt" means any interim loans pursuant to Sections 125281.13 (b), 125282.11 and 25282.12, bond anticipation notes or commercial paper notes issued to make deposits into the Fund and which will be paid from the proceeds of bonds issued pursuant to this article.

125282.03. (a) Notwithstanding Section 13340 of the Government Code or any other provision of law, moneys in the Fund are appropriated without regard to fiscal years to the Institute for the purpose of (i) making grants or loans to fund research and construct facilities for research, all as described in and pursuant to the Act, (ii) paying general administrative costs of the Institute (not to exceed 3% of the net proceeds of each sale of bonds), (iii) paying the annual administration costs of the Interim Debt or bonds after December 31 of the fifth full calendar year after this article takes effect, (iv) paying the costs of issuing Interim Debt, paying the annual administration costs of the Interim Debt until and including December 31 of the fifth full calendar year after this article takes effect, and paying interest on Interim Debt, if such Interim Debt is incurred or issued on or prior to December 31 of the fifth full calendar year after this article takes effect, and (v) paying the costs of issuing bonds, paying the annual administration costs of the bonds until and including December 31 of the fifth full calendar year after this article takes effect, and paying interest on bonds that accrues on or prior to December 31 of the fifth full calendar year after this article takes effect (except that such limitation does not apply to premium and accrued interest as provided in Section 125282.13). In addition, moneys in the Fund or other proceeds of the sale of bonds authorized by this article may be used to pay principal of or redemption premium on any Interim Debt issued prior to the issuance of bonds authorized by this article. Moneys deposited in the Fund from the proceeds of Interim Debt may be used to pay general administrative costs of the Institute without regard to the 3% limit set forth in (ii) above, so long as such 3% limit is satisfied for each issue of bonds.

(b) Repayment of principal and interest on any loans made by the Institute pursuant to this article shall be deposited in the Fund and used to make additional grants and loans for the purposes of this Act or for paying continuing costs of the annual administration of outstanding bonds.

125282.04. The proceeds of Interim Debt and bonds issued and sold pursuant to this article shall be deposited in the State Treasury to the credit of the California Stem Cell Research and Cures Fund, which is hereby created in the State Treasury, except to the extent that proceeds of the issuance of bonds are used directly to repay Interim Debt.

125282.05. Bonds in the total amount of three billion dollars ($3,000,000,000), not including the amount of any refunding bonds issued in accordance with Section 125282.14, or as much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this article and to be used and sold for carrying out the purposes of Section 125282.03 and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and shall constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both the principal of, and interest on, the bonds as the principal and interest become due and payable.

125282.06. The bonds authorized by this article shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law except Section 16727 apply to the bonds and to this article and are hereby incorporated in this article as though set forth in full in this article.

125282.07. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds and Interim Debt authorized by this article, the California Stem Cell Research and Cures Finance Committee is hereby created. For purposes of this article, the California Stem Cell Research and Cures Finance Committee is "the Committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Treasurer, the Controller, the Director of Finance, the Chairperson of the California Institute for Regenerative Medicine, and two other members of the Independent Citizens Oversight Committee (as created by the Act) chosen by the Chairperson of the California Institute for Regenerative Medicine, or their designated representatives. The Treasurer shall serve as chairperson of the Committee. A majority of the Committee may act for the Committee.

(b) For purposes of the State General Obligation Bond Law, the California Institute for Regenerative Medicine is designated the "board."

125282.08. (a) The Committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this article in order to carry out the actions specified in this article and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time. The bonds may bear interest which is includable in gross income for federal income tax purposes if the Committee determines that such treatment is necessary in order to provide funds for the purposes of the Act.

(b) The total amount of the bonds authorized by Section 125282.05 which may be issued in any calendar year, commencing in 2005, shall not exceed $350,000,000. If less than this amount of bonds is issued in any year, the remaining permitted amount may be carried over to one or more subsequent years.

(c) An interest-only floating rate bond structure will be implemented for Interim Debt and bonds until at least December 31 of the fifth full calendar year after this article takes effect, with all interest to be paid from proceeds from the sale of Interim Debt or bonds, to minimize debt service payable from the general fund during the initial period of basic research and therapy development, if the Committee determines, with the advice of the Treasurer, that this structure will result in the lowest achievable borrowing costs for the State during that five-year period considering the objective of avoiding any bond debt service payments, by the State's general fund, during that period. Upon such initial determination, the Committee may delegate, by resolution, to the Treasurer such authority in connection with issuance of bonds as it may determine, including but not limited to the authority to implement and continue this bond financing structure (including during any time following the initial five-year period) and to determine that an alternate financing plan would result in significant lower borrowing costs for the State consistent with the objectives related to the State's general fund and to implement such alternate financing plan.

~~125282.09. There shall be collected each year and in the same manner and at the same time as other State revenue is collected, in addition to the ordinary revenues of the State, a sum in an amount required to pay the principal of, and interest on, the bonds maturing each year. It is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act that is necessary to collect that additional sum.~~

~~125282.10. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this article, an amount that will equal the total of the following:~~

~~(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this article, as the principal and interest become due and payable.~~

~~(b) The sum necessary to carry out Section 125282.11 appropriated without regard to fiscal years.~~

~~125282.11. The Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that have been authorized by the Committee to be sold for the purpose of carrying out this article. Any amount withdrawn shall be deposited in the Fund. Any money made available under this section shall be returned to the General Fund, plus an amount equal to the interest that the money would have earned in the Pooled Money Investment Account, from money received from the sale of bonds for the purpose of carrying out this article.~~

~~125282.12. The Institute may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account in accordance with Section 16312 of the Government Code for the purposes of carrying out this article. The amount of the request shall not exceed the amount of the unsold bonds that the Committee, by resolution, has authorized to be sold for the purpose of carrying out this article. The Institute shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the Fund to be allocated by the Institute in accordance with this article.~~

~~125282.13. All money deposited in the Fund that is derived from premium and accrued interest on bonds sold shall be reserved in the Fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.~~

~~125282.14. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. Approval by the voters of the State for the issuance of the bonds described in this article includes the approval of the issuance of any bonds issued to refund any bonds originally issued under this article or any previously issued refunding bonds.~~

~~125282.15. Notwithstanding any provision of this article or the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this article that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes, subject to designated conditions, the Treasurer may maintain separate accounts for the investment of bond proceeds and the investment earnings on those proceeds. The Treasurer may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or to take any other action with respect to the investment and use of bond proceeds required or desirable~~

~~under federal law to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.~~

~~125282.16. Inasmuch as the proceeds from the sale of bonds authorized by this article are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.~~

ARTICLE 3.

DEFINITIONS

~~125283.01. As used in this Chapter and in Article XXXV of the California Constitution, the following terms have the following meanings:~~

~~(a) "Act" means the California Stem Cell Research and Cures Act constituting Chapter 3 (commencing with Section 125281.01) of Part 5 of Division 106 of the Health and Safety Code.~~

~~(b) "Adult Stem Cell" means an undifferentiated cell found in a differentiated tissue in an adult organism that can renew itself and may (with certain limitations) differentiate to yield all the specialized cell types of the tissue from which it originated.~~

~~(c) "Capitalized Interest" means interest funded by bond proceeds.~~

~~(d) "Committee" means the California Stem Cell Research and Cures Finance Committee created pursuant to subdivision (a) of Section 125282.07.~~

~~(e) "Constitutional Officers" means the Governor, Lieutenant Governor, Treasurer and Controller of California.~~

~~(f) "Facilities" means buildings, building leases, or capital equipment.~~

~~(g) "Floating rate Bonds" means bonds which do not bear a fixed rate of interest until their final maturity date, including commercial paper notes.~~

~~(h) "Fund" means the California Stem Cell Research and Disease Cures Fund created pursuant to Section 125282.04.~~

~~(i) "Grant" means a grant, loan or guarantee.~~

~~(j) "Grantee" means a recipient of a grant from the Institute. All University of California grantee institutions shall be considered as separate and individual grantee institutions.~~

k) ~~"Human Reproductive Cloning" means the practice of creating or attempting to create a human being by transferring the nucleus from a human cell into an egg cell from which~~

the nucleus has been removed for the purpose of implanting the resulting product in a uterus to initiate a pregnancy.

(l) "Indirect Costs" mean the recipient's costs in the administration, accounting, general overhead and general support costs for implementing a grant or loan of the Institute. NIH definitions of indirect costs will be utilized as one of the bases by the Scientific and Medical Research Standards Working Group to create a guideline for recipients on this definition, with modifications to reflect guidance by the ICOC and this Act.

(m) "Institute" means the California Institute for Regenerative Medicine.

(n) "Interim Standards" means temporary standards that perform the same function as "emergency regulations" under the Administrative Procedure Act (Government Code, Title 2, Division 3, Part 1, Chapter 4.5, sections 11371 et seq) except that in order to provide greater opportunity for public comment on the permanent regulations, remain in force for 270 days rather than 180 days.

(o) "Life Science Commercial Entity" means a firm or organization, headquartered in California, whose business model includes biomedical or biotechnology product development and commercialization.

(p) "Medical Ethicist" means an individual with advanced training in ethics who holds a PhD, MA or equivalent training and who spends or has spent substantial time (a) researching and writing on ethical issues related to medicine, and (b) administering ethical safeguards during the clinical trial process, particularly through service on institutional review boards.

(q) "Pluripotent Cells" means cells that are capable of self renewal, and have broad potential to differentiate into multiple adult cell types. Pluripotent stem cells may be derived from somatic cell nuclear transfer or from surplus products of in vitro fertilization treatments when such products are donated under appropriate informed consent procedures. These excess cells from in vitro fertilization treatments would otherwise be intended to be discarded if not utilized for medical research.

(r) "Progenitor Cells" means multipotent or precursor cells that are partially differentiated but retain the ability to divide and give rise to differentiated cells.

(s) "Quorum" means at least 65 percent of the members who are eligible to vote.

(t) "Research Donor" means a human who donates biological materials for research purposes after full disclosure and consent.

(u) "Research Funding" includes interdisciplinary scientific and medical funding for basic research, therapy development, and the development of pharmacologies and treatments through clinical trials. When a facilities grant or loan has not been provided to house all elements of the research, therapy development, and/or clinical trials, research funding shall include an allowance for a market lease rate of reimbursement for the facility. In all

~~cases, operating costs of the facility, including but not limited to library and communication services, utilities, maintenance, janitorial and security, shall be included as direct research funding costs. Legal costs of the Institute incurred in order to negotiate standards with federal and state governments and research institutions; to implement standards or regulations; to resolve disputes; and/or to carry out all other actions necessary to defend and/or advance the Institute's mission shall be considered direct research funding costs.~~

~~(v) "Research Participant" means a human enrolled with full disclosure and consent, and participating in clinical trials.~~

~~(w) "Revenue Positive" means all state tax revenues generated directly and indirectly by the research and facilities of the Institute are greater than the debt service on the state bonds actually paid by the state general fund in the same year.~~

~~(x) "Stem Cells" mean non-specialized cells that have the capacity to divide in culture and to differentiate into more mature cells with specialized functions.~~

~~(y) "Vital Research Opportunity" means scientific and medical research and technologies and/or any stem cell research not actually funded by the Institute under Section 125281.11 (c) (1) (C) which provides a substantially superior research opportunity vital to advance medical science as determined by at least a two-thirds vote of a quorum of the members of the Scientific and Medical Research Funding Working Group and recommended as such by that working group to the ICOC. Human reproductive cloning shall not be a vital research opportunity.~~

~~SEC. 6. Government Code section 20069 is amended to read as follows:~~
~~(a) "State service" means service rendered as an employee or officer (employed, appointed or elected) of the state, the California Institute for Regenerative Medicine and the officers and employees of its governing body, the university, a school employer, or a contracting agency, for compensation, and only while he or she is receiving compensation from that employer therefore, except as provided in Article 4 (commencing with Section 20990) of Chapter 11.~~
~~(b) State service," solely for purposes of qualification for benefits and retirement allowances under this system, shall also include service rendered as an officer or employee of a county if the salary for the service constitutes compensation earnable by a member of this system under section 20638.~~

SEC. 7. Section 125300 of the Health and Safety Code is deleted:

~~§ 125300 Health & Safety.~~

~~The policy of the State of California shall be that research involving the derivation and use of human embryonic stem cells, human embryonic germ cells, and human adult stem cells, including somatic cell nuclear transplantation, shall be reviewed by a stem cell research oversight committee.~~

SEC. 8. Section 125305 of the Health and Safety Code is amended to read:

(a) The ~~department~~ *Our Lady of Guadalupe Umbilical Cord Blood Bank and Research Center* shall establish and maintain ~~an anonymous~~ *a* registry of embryos that are available for ~~research~~ *adoption*. The purpose of this registry is to provide ~~researchers with~~ access to embryos that are available for ~~research purposes.~~ *adoption at the Our Lady of Guadalupe Umbilical Cord Blood Bank and Research Center. The registry shall be called, "Embryo Registry for Life."*

~~(b) The department may contract with the University of California, private organizations, or public entities to establish and administer the registry.~~

(b) The Center shall obtain written consent from any individual(s) who donates an embryo(s) or embryos to the Center.

~~(c) This section shall be implemented only to the extent that funds for the purpose of establishing and administering the registry are received by the department from private or other nonstate sources.~~

(c) Any medical testing of either the biological donors or the adoptive parents shall be at the discretion of the center.
(d) The Center shall provide fees at a reduced cost for the adoption process at the center.
(e) All women implanted from the embryos must be implanted at the center. The adoptive mother of the embryo shall be required to gift the umbilical cord blood after the birth, except where either the mother or baby dies, or the mother or baby are in need of the blood for their own urgent health requirements.
(f) No embryos shall be purchased or created by this act.
(g) All embryos shall be donated to be adopted and shall not be used for research.
(h) Mandatory requirements for transferring human embryos shall be subject to standards of the Our Lady of Guadalupe Umbilical Cord Blood and Research Center.
(i) No person shall be implanted with an embryo that is not the adoptive mother. The Center shall only implant an embryo(s) in the woman who shall be the adoptive mother.
(j) No surrogate mothers shall be implanted regardless of reason. No surrogate mothers shall be given any embryos.
(k) Seminars for potential adoptive parents and genetic donors will be given at the center, as well as testimony from donors and adoptive parents who have done this.
(l) Adoptive embryo applications fees, regulations and criteria shall be at the discretion of the Center.
(m) Donor(s) of embryo(s) may stipulate the adoptive parents shall be required to have a certain faith, ethnic background, race and a minimum educational level.
(n) The Center shall have a discretion clause for donors and adoptive parents. It shall be at the discretion of the center if mandatory requirements stated by the donor for the embryo are accepted prior to donating any embryo(s).
(o) The Center shall establish medical testing standards of donors of the embryos. The center shall set standards for blood work or medical requests from either donor or adoptive parent(s).
(p) The Center shall comply with state and federal laws and regulations regarding adoption.

(q) The transfer of human embryos from genetic to adoptive parents shall be conducted pursuant to the adoption laws of this state.
(r) Relinquishment of rights by genetic parents to a human embryo shall take place before implantation.
(s) Written surrender of rights shall be obtained from the genetic mother and father, unless the embryo was derived from donor gametes.
(t) A written surrender of rights to an embryo pursuant to section (the number of the section above this one) shall cancel any prior written agreement governing disposition of the embryo.

SECTION 9. Section 125315 of the Health and Safety Code is deleted:

~~(a) A physician and surgeon or other health care provider delivering fertility treatment shall provide his or her patient with timely, relevant, and appropriate information to allow the individual to make an informed and voluntary choice regarding the disposition of any human embryos remaining following the fertility treatment. The failure to provide to a patient this information constitutes unprofessional conduct within the meaning of Chapter 5 (commencing with Section 2000) of Division 2 of the Business and Professions Code.~~

~~(b) Any individual to whom information is provided pursuant to subdivision (a) shall be presented with the option of storing any unused embryos, donating them to another individual, discarding the embryos, or donating the remaining embryos for research. When providing fertility treatment, a physician and surgeon or other health care provider shall provide a form to the male and female partner, or the individual without a partner, as applicable, that sets forth advanced written directives regarding the disposition of embryos. This form shall indicate the time limit on storage of the embryos at the clinic or storage facility and shall provide, at a minimum, the following choices for disposition of the embryos based on the following circumstances:~~

~~(1) In the event of the death of either the male or female partner, the embryos shall be disposed of by one of the following actions:~~

~~(A) Made available to the living partner.~~

~~(B) Donation for research purposes.~~

~~(C) Thawed with no further action taken.~~

~~(D) Donation to another couple or individual.~~

~~(E) Other disposition that is clearly stated.~~

~~(2) In the event of the death of both partners or the death of a patient without a partner, the embryos shall be disposed of by one of the following actions:~~

~~(A) Donation for research purposes.~~

~~(B) Thawed with no further action taken.~~

~~(C) Donation to another couple or individual.~~

~~(D) Other disposition that is clearly stated.~~

~~(3) In the event of separation or divorce of the partners, the embryos shall be disposed of by one of the following actions:~~

~~(A) Made available to the female partner.~~

~~(B) Made available to the male partner.~~

~~(C) Donation for research purposes.~~

~~(D) Thawed with no further action taken.~~

~~(E) Donation to another couple or individual.~~

~~(F) Other disposition that is clearly stated.~~

~~(4) In the event of the partners' decision or a patient's decision who is without a partner, to abandon the embryos by request or a failure to pay storage fees, the embryos shall be disposed of by one of the following actions:~~

~~(A) Donation for research purposes.~~

~~(B) Thawed with no further action taken.~~

~~(C) Donation to another couple or individual.~~

~~(D) Other disposition that is clearly stated.~~

~~(c) A physician and surgeon or other health care provider delivering fertility treatment shall obtain written consent from any individual who elects to donate embryos remaining after fertility treatments for research. For any individual considering donating the embryos for research, to obtain informed consent, the health care provider shall convey all of the following to the individual:~~

~~(1) A statement that the early human embryos will be used to derive human pluripotent stem cells for research and that the cells may be used, at some future time, for human transplantation research.~~

~~(2) A statement that all identifiers associated with the embryos will be removed prior to the derivation of human pluripotent stem cells.~~

~~(3) A statement that donors will not receive any information about subsequent testing on the embryo or the derived human pluripotent cells.~~

~~(4) A statement that derived cells or cell lines, with all identifiers removed, may be kept for many years.~~

~~(5) Disclosure of the possibility that the donated material may~~

~~have commercial potential, and a statement that the donor will not receive financial or any other benefits from any future commercial development.~~

~~(6) A statement that the human pluripotent stem cell research is not intended to provide direct medical benefit to the donor.~~
~~(7) A statement that early human embryos donated will not be transferred to a woman's uterus, will not survive the human pluripotent stem cell derivation process, and will be handled respectfully, as is appropriate for all human tissue used in research.~~

SECTION 17. Section 125320 of the Health and Safety Code is deleted:

~~(a) A person may not knowingly, for valuable consideration, purchase or sell embryonic or cadaveric fetal tissue for research purposes pursuant to this chapter.~~

~~(b) For purposes of this section, "valuable consideration" does not include reasonable payment for the removal, processing, disposal, preservation, quality control, storage, transplantation, or implantation of a part.~~

~~(c) Embryonic or cadaveric fetal tissue may be donated for research purposes pursuant to this chapter.~~

SECTION 18. Section 125350 of the Health and Safety Code is amended to read:

No human oocyte ~~or embryo~~ shall be acquired, sold, offered for sale, received, or otherwise transferred for valuable consideration for the purposes of medical research or development of medical therapies. ~~For purposes of this section, "valuable consideration" does not include reasonable payment for the removal, processing, disposal, preservation, quality control, and storage of oocytes or embryos.~~

Section 10. Severability
Any provision of this Act held to be invalid or unenforceable by its terms, or as applied to any person or circumstance, shall be construed so as give it the maximum effect permitted by law, unless such holding shall be one of utter invalidity or unenforceability, in which event such provision shall be deemed severable herefrom and shall not affect the remainder hereof, or the application of such provision to other persons not similarly situated or to other, dissimilar circumstances.

Section 11. Right to Intervention
The proponent of this initiative, or his or her designee, shall have the right to intervene in any action challenging the constitutionality or enforceability of this Act. The state shall be required to pay all legal costs and fees of the proponent of this initiative as intervener in any action challenging the constitutionality or enforceability of this Act.

Section 12. Conflicting Ballot Measures.

Previous ballot measures that were passed prior the passage of this measure will not be allowed to violate this measure by law. Any ballot measure on the same ballot, during the passage of this measure, that is in direct violation of this act, whether it was passed by the voters or not, if this measure received more affirmative votes than the other measure, this measure hereby nullifies and voids their measure(s). If another opposing measure or opposing measures which passed by the voters in the same election on the same ballot received a greater number of affirmative votes, the provisions of this measure shall take effect, whether in whole or in part, that is permitted by law.

If this measure were passed by the voters but another opposing measure in the same election on the same ballot were passed by the voters and supersedes with affirmative votes, which is later determined to be invalid, for whatever reason, this measure shall become fully enforceable.